Audit of Forest Planning and Practices

Cowichan Lake Community Forest Co-operative

Forest Licence A52027

FPB/ARC/42

December 2001

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Report from the Board

A. Report from the Board

This is the Board's report on a compliance audit of Forest Licence A52027 (FL A52027) held by the Cowichan Lake Community Forest Co-operative (CLCFC). The licence area is located southwest of the community of Lake Cowichan and southeast of TimberWest's Gordon River Camp on Vancouver Island. The audit assessed compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code).

The CLCFC is a locally owned and managed business co-operative, incorporated under the *Co-operative Act of British Columbia*, which creates or maintains jobs through its commitment to the principles of forest sustainability and community economic development. The audit of FL A52027 is the first Board audit of a licence held by a community forest co-operative.

The Report from the Auditor (Part C) provides further details on the location of the licence, the scope of the audit, and the audit findings. The Report from the Auditor is based on the audit procedures described in Part B, , which provides background information on the Board's audit program and the process followed by the Board in preparing its report.

The audit examined CLCFC's planning and field activities for the period of September 1, 2000, to September 12, 2001, related to operational planning (including forest development plans and silviculture prescriptions); timber harvesting; road maintenance and deactivation; silviculture; and fire protection.

The Board considered the Report from the Auditor, along with supporting audit evidence, and accepts the auditor's findings and conclusions. The CLCFC's operational planning and forest practices complied with Code requirements in all significant respects. The audit was unable to assess the level of protection given to forest resources because the Vancouver Island Higher Level Plan does not set specific objectives for the operating area of this forest licence, and landscape unit objectives providing direction for operational plans in the South Island Forest District were not yet developed. However, the statutory decision-makers did provide direction to the licensee to include specific measures for managing riparian areas, karst features, marbled murrelet habitat and other resources in its operational plans.

W.N. (Bill) Cafferata, RPF
Chair, Forest Practices Board

December 11, 2001

Forest Practices Board
Compliance Audit Process

B. Forest Practices Board Compliance Audit Process

Background

Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices Code of British Columbia Act* and regulations (the Code). The Board has the authority to conduct these periodic independent audits under section 176 of the *Forest Practices Code of British Columbia Act* (the Act). Compliance audits examine forest planning and practices to determine whether or not they meet Code requirements.

The Board undertakes both "limited scope" and "full scope" compliance audits. A limited scope audit examines selected forest practices (e.g., road construction, maintenance and deactivation; timber harvesting; or silviculture) and the related operational planning activities. A full scope audit examines all operational planning activities and forest practices.

The Board determines how many audits it will conduct in a year, and what type of audits (limited or full scope), based on budget and other considerations. The Board audits agreement-holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's Small Business Forest Enterprise Program (SBFEP), which is administered by Ministry of Forests district offices. Selection of agreement-holders and district SBFEPs for audit is done randomly, using a computer program, to ensure a fair, unbiased selection of auditees.

Audit Standards

Audits by the Forest Practices Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with generally accepted auditing standards.

The audits determine compliance with the Code based on criteria derived from the *Forest Practices Code of British Columbia Act* and its related regulations. Audit criteria are established for the evaluation or measurement of each practice regulated by the Code. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement.

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board selects an audit and decides on its scope (limited scope or full scope), the audit period and the staff and resources required to conduct the audit are determined. Board staff also meet with the party being audited to discuss the logistics of the audit before commencing the work.

All the activities carried out during the period subject to audit are identified; for example, harvesting or replanting sites and building or deactivating road sections. The items that make up each forest

activity are referred to as a "population." For example, all sites harvested form the "timber harvesting population." All road sections constructed form the "road construction population." The populations are then sub-divided based on factors such as characteristics of the sites and potential severity of the consequences of non-compliance on the sites.

For each population, the auditors choose the most efficient means of obtaining information to conclude whether there is compliance with the Code. Because of limited resources, auditors usually rely upon sampling to obtain audit evidence, rather than inspecting all activities.

Individual sites and forest practices within each population have different characteristics, such as the type of terrain or type of yarding. Each population is divided into distinct sub-populations on the basis of common characteristics (e.g., steep ground vs. flat ground). A separate sample is selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to the sub-population where the risk of non-compliance is greater.

Audit work in the field includes assessments from the air using helicopters and intensive ground procedures, such as measuring specific features like road or riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

Auditors collect, analyze, interpret and document information to determine the audit results. The audit team, composed of professionals and technical experts, first determines whether forest practices are in compliance with Code requirements. For those practices considered to not be in compliance, the audit team then evaluates the degree to which the practices are judged not in compliance. The significance of the non-compliance is determined based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

As part of the assessment process, auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet Code requirements.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that a non-compliance event, or the accumulation and consequences of a number of non-compliance events, is not significant and is not considered worthy of reporting.

Significant non-compliance – where the auditor determines that the event or condition, or the accumulation and consequences of a number of non-compliance events or conditions, is or has the potential to be significant, and is considered worthy of reporting.

Significant breach – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of the non-compliance. A significant breach can also result from the cumulative effect of a number of non-compliance events or conditions.

Identification of a possible significant breach requires the auditor to conduct tests to confirm whether or not there has been a breach. If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Ministers of Forests, Energy and Mines, and Water, Land and Air Protection.

Reporting

Based on the above evaluation, the auditor then prepares the "Report from the Auditor" for submission to the Board. The party being audited is given a draft of the report before it is submitted to the Board so that the party is fully aware of the findings. The auditee is also kept fully informed of the audit findings throughout the process, and is given opportunities to provide additional relevant information and to ensure the auditor has complete and correct information.

Once the auditor submits the report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report to the public and government. The representations allow parties that may potentially be adversely affected to present their views to the Board.

At the discretion of the Board, representations may be written or oral. The Board will generally decide on written representations, unless the circumstances strongly support the need for an oral hearing.

The Board then reviews the report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report, which includes the Board's conclusions and, if appropriate, recommendations.

If the Board's conclusions or recommendations result in newly adversely-affected parties or persons, additional offers of representations would be required.

Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

Report from the Auditor

C. Report from the Auditor

1.0 Introduction

As part of the Forest Practices Board's 2001 compliance audit program, Forest Licence A52027 was selected for audit from the population of major licences within the Vancouver Forest Region. The licence, held by Cowichan Lake Community Forest Co-operative (the co-operative), was selected randomly and not on the basis of location or level of performance.

A52027 is a volume-based forest licence located in the South Island Forest District, within the Arrowsmith Timber Supply Area (TSA), and is managed jointly by the co-operative and TimberWest Forest Limited (TimberWest) through a joint venture agreement. Forest licences normally do not have specific boundaries within which activities take place; however, for this forest licence the operating area is small and well defined. The licence area is located southwest of the community of Lake Cowichan and southeast of TimberWest's Gordon River Camp (see attached map). The operating area is bounded on the east by a large parcel of private forestland, on the west by the Gordon River, on the south by TFL 46 held by TimberWest, and on the north by the Gordon River main access road.

Forest Licence A52027 has an allowable annual cut of 14,885 cubic metres. The co-operative harvested approximately 20,000 cubic metres during the audit period. The operating area contains high-elevation old-growth forests located on steep but predominately stable terrain, and lower-elevation second-growth forests located on gentle, stable terrain. The geology of the area is predominately limestone with karst features (caves) that provide recreational opportunities. The Gordon River and its lower elevation tributaries contain high-value salmon habitat.

The licence was awarded in 1996. Because of the short harvest history, the majority of the silvicultural obligations under the Forest Practices Code, such as the requirement to successfully regenerate and establish free-growing stands, have not yet taken effect.

The *Vancouver Island Higher Level Plan*[1], which came into effect on December 1, 2000, does not include the operating area for Forest Licence A52027 and therefore not applicable to this licence. However, the *Vancouver Island Summary Land Use Plan*, which was approved by cabinet in February 2000, provided government policy and direction for implementation to the four participating ministries. Under the *Vancouver Island Summary Land Use Plan*, the operating area for Forest Licence A52027 is zoned "general management," which is defined as an area to be managed under standard integrated resource management strategies of the Forest Practices Code. The Code does not recognize the *Vancouver Island Summary Land Use Plan* as a higher level plan.

2.0 Audit Scope

The audit examined the co-operative's activities in the areas of operational planning (including forest development plans[ii] and silviculture prescriptions[iii]); timber harvesting; silviculture; fire protection; and road construction, maintenance and deactivation. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code).

To assess the compliance of the forest development plan with Code requirements, the audit focused on whether the forest development plan adhered to direction provided by statutory decision-makers (the forest service district manager and the designated environment official), who receive guidance from the *Vancouver Island Summary Land Use Plan*.

All activities, planning and obligations for the period September 1, 2000, to September 12, 2001, were included in the scope of the audit.

Operations in the audit period were governed by the 1999-2003 and the 2000-2004 forest development plans. Six silviculture prescriptions and one silviculture prescription amendment were approved during the audit period, of which none supported harvesting that occurred during the audit period.

The activities carried out by the co-operative during the audit period, and therefore subject to audit, were:

- harvesting of 2 cutblocks, and harvesting activities on 2 salvage cutting areas
- construction, by ballasting of, 1 road section totalling 200 metres
- maintenance of 6.6 kilometres of road, involving activities such as road surfacing and cleaning culverts and ditches
- maintenance of 2 forest service road bridges
- permanent and semi-permanent deactivation of 14 road sections totalling 6.7 kilometres
- planning and layout of 12 road sections totalling 5.9 kilometres
- planting on 6 cutblocks
- protection activities including fire-preparedness planning, fuel management and hazard abatement.

Section 3.0 describes the audit of these activities and the audit results. The Board's audit reference manual, *Compliance Audit Reference Manual, Version 5.0, May 2001*, sets out the standards and procedures that were used to carry out this audit.

3.0 Audit Findings

A. Planning and practices examined

The audit work on selected roads and cutblocks included ground-based procedures and assessments from the air using a helicopter. Because of the small population sizes, all or most of the items in each population were audited. The audit examined:

- the approved 2000-2004 forest development plan
- harvesting of 2 cutblocks and their related operational plans
- silviculture prescriptions for 3 cutblocks where harvesting activity had not commenced, but the related silviculture prescriptions or amendments were approved during the audit period
- planning and layout of 2 road sections totalling 1.45 kilometres, where construction activity had not commenced
- maintenance of 6.6 kilometres of road
- maintenance of 2 forest service road bridges
- permanent and semi-permanent deactivation of 14 road sections totalling 6.7 kilometres
- planting of 4 cutblocks
- fire-preparedness planning, fuel management, and hazard abatement

The 200-metre section of road that was ballasted during the audit period could not be assessed for construction practices because this road section was permanently deactivated prior to the audit. Ballasting is a road construction practice that involves surfacing the subgrade of a road using broken rock.

There were no active operations during the audit, so it was not possible to examine Code requirements for fire-fighting equipment in the field. The co-operative's fire-preparedness plan, central equipment cache, and fire-hazard abatement practices were examined.

B. Findings

The audit found the planning and field activities of the co-operative were in compliance, in all significant respects, with Code requirements for operational planning; timber harvesting; silviculture; and road maintenance and deactivation activities. In addition, the 2000-2004 forest development plan was consistent with directions provided by the statutory decision-makers according to the *Vancouver Island Summary Land Use Plan*.

The audit did not identify any non-compliance items in the areas of road maintenance and deactivation, bridge maintenance, timber harvesting and silviculture. The instance of non-compliance in the area of operational planning was minor in nature. The audit found the

co-operative's fire-preparedness plans, central equipment cache, and fire-hazard abatement practices were in compliance with Code requirements.

4.0 Other Comments

The *Forest Practices Code of British Columbia Act* requires the content of a forest development plan to be consistent with objectives established in higher level plans, such as landscape unit objectives, that apply to the area included under the development plan.

Landscape unit objectives, such as those dealing with retention of old growth or establishing wildlife tree retention targets, are intended to provide direction to forest development plans.

Landscape unit objectives for the South Island Forest District are currently being developed; however, none were in place when the 2000-2004 forest development plan was prepared. Therefore, it was not possible to determine whether all forest resources are being addressed at the landscape level, and it is not clear that all forest resources have been identified. It was, therefore, not possible to fully assess the level of protection of all forest resources at the site level.

The audit assessed the co-operative's forest development plan based on Code requirements that were in place and the direction provided by statutory decision-makers. The lack of landscape unit objectives is not considered to be non-compliance on the part of the co-operative.

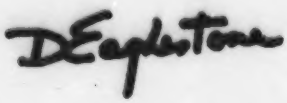
5.0 Audit Opinion

In my opinion, the operational planning; timber harvesting; silviculture; and road maintenance and deactivation activities carried out by Cowichan Lake Community Forest Co-operative on Forest Licence A52027, from September 1, 2000, to September 12, 2001, were in compliance, in all significant respects, with the requirements of the Code as of September 2001. No opinion is provided regarding fire-fighting tools and equipment in the field, or road construction practices.

Without qualifying my opinion, I draw attention to section 4.0 which explains the place of higher level plans in the planning regimes anticipated by the Code, and the effect that their absence has on the identification of measures to protect forest resources in the operating area.

In reference to compliance, the term "in all significant respects" recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

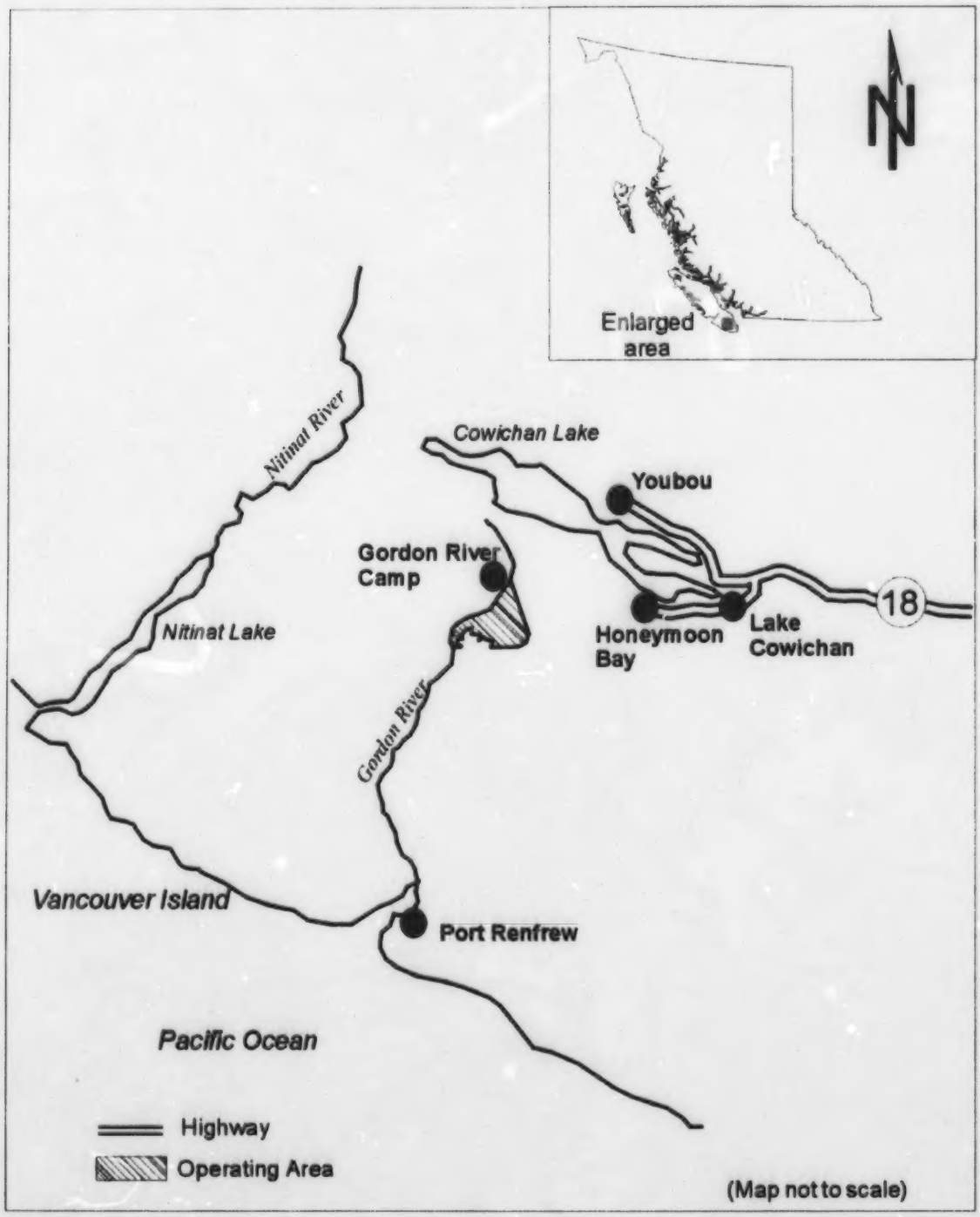
Sections 2.0 and 3.0 of this report from the auditor describe the basis of the audit work performed in reaching this opinion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient forest planning and practices to support an overall evaluation of compliance with the Code.



David Eaglestone, RPF
Auditor of Record

Smithers, British Columbia
November 9, 2001

Audit of Cowichan Lake Community Forest Cooperative
FL A52027



i A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site. Higher level plans are a provision of the Forest Practices Code of British Columbia Act that give direction to operational plans.

ii A forest development plan is an operational plan that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect forest resources. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

iii A silviculture prescription is a site-specific operational plan that describes the forest management objectives for an area to be harvested (a cutblock). The silviculture prescriptions examined in the audit are required to describe the management activities proposed to maintain the inherent productivity of the site, accommodate all resource values, including biological diversity, and produce a free-growing stand capable of meeting stated management objectives. Silviculture prescriptions must be consistent with forest development plans that encompass the area to which the prescription applies.